

The MANAGEMENT REVIEW

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The MANAGEMENT REVIEW

January, 1932

The Trade Association—A Necessary Adjunct to Successful Business Management *

*By GEORGE A. LILLY, Managing Director
American Dental Trade Association*

"COOPERATION, not competition, is the life of trade." So said a prominent trade association executive in the United States some twenty years ago. How truly he has spoken has been demonstrated by those trade associations that have constantly made an honest effort to solve the problems of their industries without fear or favor.

No matter what has been the development by trade associations over a period of years, one reason can be assigned for the formation of such an association in whatever place it may be located or if it is worldwide—the protection and promotion of the industry it represents.

In the United States, the trade association movement is comparatively young; that is, if we consider that the oldest trade associations, with not over three or four exceptions, are no older than the span of the average man's lifetime. This is largely the result of circumstances. With the tremendous area of this country, with the frontiers moving in an almost unbroken line more than a thousand miles long, industry has been compelled to provide tools with which to survey and analyze the problems of production and distribution.

In 1931 The American Dental Trade Association held its Fiftieth Annual Meeting; according to a survey made by the National Industrial Conference Board, there are but nineteen associations with an authentic record of greater age. Why did this Association come into being? For just the reason that I have already given—the protection and the promotion of the dental trade.

*Presented at the International Management Conference, Geneva, July, 1931.

The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

How well it has functioned is best illustrated if one can compare it with a parallel industry which is now attempting to reorganize its association, and has on more than one occasion asked for information relative to this Association's activities.

Recently, Dr. Frank M. Surface, Assistant Director of the Bureau of Foreign and Domestic Commerce of the Department of Commerce of the United States, made the statement that one of the necessary features in successful trade association operation is the formation of more "vertical" associations, that is, those that are made up not only of one group, but all of the groups in a given industry or trade, at least those that have to do with the actual production and distribution of a given commodity.

The American Dental Trade Association is what would be termed a "vertical" association. Its membership is made up of manufacturers who produce dental equipment and materials, and of the dealers who distribute those items for the manufacturers. As the result of this type of organization it has been possible to develop and maintain a consciousness regarding good business practices that could not have been developed had there been two separate and distinct organizations, even though attempting to cooperate to bring about the same results.

Quite recently, there has been an increasing tendency to develop this type of trade association. The oil burner industry has added to its association a group of over two thousand dealers in oil burners, thereby completing the picture from production through to the ultimate user. The statement is made that from the point of trade promotion alone, it will mean increased volume, as well as profits to that industry, and there is no question as to the better understanding of the economic problems of that business in the mind of every operator, whether he be manufacturer, wholesaler or retail dealer.

While the automobile industry has not developed its National Automobile Chamber of Commerce along these lines, there is very close cooperation between the other associations in this industry, such as manufacturers and distributors of parts, tires, and the retail dealers in automobiles.

Trade Associations seem to be just as natural developments as society. In the study of psychology, we are taught that society, as we know it, has developed for the same reasons that I have given for the formation of a trade association. So, is it not most natural that groups of business men, engaged in any given line of business, should come together for the purpose of finding better ways for doing the things which they have to do?

When we look through a classification of trade association activities, prepared for the purpose of acquainting business men in the United States with what trade association activities are, we find, under main headings, such items as "Accounting," "Advertising (Cooperative)," "Arbitration," "Business Standards," "Buying (Cooperative)," "Certification," "Claims and Collections," "Credit Service," "Education," "Employment Service," "Field

Service," "Fire Prevention," "Foreign Trade," "Government Relations," "Insurance," "International Activities," "Legal Aid," "Marketing (Cooperative)," "Material Exchange," "Patents and Copyrights," "Publications," "Publicity," "Research (Market)," "Research (Technical)," "Simplification and Standardization," "Statistics," "Taxation," "Traffic," "Welfare Bureau," "Organization Management," "Exhibits." Each of these is broken down into two or more sub-heads, one of which will serve to illustrate.

Under the heading of "Accounting," the sub-heads are "auditing service," "budget studies," "cost accounting," "cost estimating," "cost studies, including depreciation and obsolescence, appraisal, overhead, etc.," "inventory," "uniform systems," "taxation studies or service."

There is opportunity for any line of business to find a common ground of understanding among some of these activities, if not all of them.

Benefits Are Cumulative

In discussing the benefits of trade associations, frequently members and non-members are inclined to look upon the plan as somewhat theoretical. This is due to the fact that in large measure the benefits accruing are intangible. Sometimes an effort to trace directly all of the benefits is as hard as to find direct results from an advertising campaign. Moreover, the benefits can be likened to those from advertising in that they are cumulative. Programs must be built over a period sufficiently great to permit a thorough job to be done, and to profit by the experience developed in doing the job.

For example, several years ago the national association of the laundry industry developed a complete cost-finding and accounting system. Practically fifty per cent of the members of the Association have availed themselves of this system, and in certain states, the state or large city associations have developed what is known as a "cost interchange" service. In one of the large cities, an operator noted that in his particular class his costs were higher than others in that same class. He conferred with the secretary of his local association, and the secretary obtained permission from one of the other members to have the first operator confer with him and look at his cost sheets. These two operators took their books, sat down together, and in a few moments the man with the lower costs said to the one with the higher costs: "I think I can tell you where your trouble is," and he asked the question: "Do you have a water softener?" The first man said: "No," and then the man with the lower costs showed his fellow operator how the installation of a water softener had enabled him to reduce his cost of operation materially with a substantial reduction in the amount of supplies used with soft water, as against hard.

All will agree that this was a definite service. One is interested to learn that the man who did not have a water softener installed one, and saved the cost within a period of twenty-four months in lower material cost.

What has the American Dental Trade Association done during the years

since its organization? It has educated its members to a better understanding of the necessity for maintenance of good business principles, practices that beget confidence. Without collusion or conspiracy, there has been maintained an evenness of supply and demand. Cutthroat price competition has been eliminated. Quality of the highest has been put into the products, and maintained; there exists a spirit of abiding by the acts of the majority when it has been voted that some principle is good for the trade; members place confidence in their cooperators, their fellow manufacturers or dealers; uniform terms of sale for equipment sold on instalment payments have been established, not through conspiracy to maintain uniformity, but through an understanding of the economic principle, as such.

Through manufacturer and dealer being in the same association, it has been possible to maintain a stability of credit risk by bringing together the two factors, and having them sit down and discuss their common problems; it is a proud statement in this industry that there has not been a bankruptcy in over fifteen years.

With upwards of three thousand items contained in a complete catalogue of the industry, it still does not have what would be called a general market. Its outlet is restricted to those engaged in the practice of dentistry. There is a high degree of professional ethics that must be maintained at all times. Also, there is the question of the technical character of a large percentage of the products.

The profit in the distribution of these goods is small. Efficient management is the factor between profit and loss. Therefore, fifty years ago a group of hardy pioneers gathered together for the purpose of forming the Association, to bring together experiences and ideas about how this industry might be built on a solid foundation.

How well they built is emphasized by the fact that over seventy-five per cent of the volume of business in the industry is represented in the membership of the Association, even though there are more manufacturers and dealers who are not Association members than are members.

The American Dental Trade Association has also accomplished a great deal through the establishment of a uniform accounting system for dental supply dealers. The Association has what is known as the "Analysis Committee." Periodically, the dealer members of the Association make a detailed report of their yearly operations. These reports are given code numbers so that the Committee, in analyzing the statements, does not know one dealer's report from another.

In analyzing the statements, criticism is made of those factors that indicate inefficient operation, and commendation is given where efficient operation is indicated. The fact that both manufacturers and dealers are members of the Committee means that there is a common meeting ground of experience

and understanding that could not be obtained were they in separate organizations. The result of this work has been that many dealers have been able materially to improve their operating results in much the same manner as did the laundry owner mentioned above.

Another important development from this work has been a more intelligent understanding of the dealer's problems by the manufacturer. In the dental trade, the selling price of the goods is set by the manufacturer, and the profit to the dealer is set by the manufacturer, because he says that an ounce of silver alloy shall be sold at \$2.70 to the dentist, and that the dealer shall receive a trade discount from that price to cover his profit. Through the work of the Analysis Committee, a clearer understanding of what these trade discounts should be has been developed than possibly would have been had the groups been operating as separate units.

Credit and Collection Departments

With business in a given line becoming more specialized every day, there has come an ever-changing credit situation. The extension of credit and the handling of collections at one time were much the same, regardless of what type of business one might be engaged in. To-day, large industries find that the old general credit reporting agencies do not give them the facts as it is necessary to have them. Hence, credit and collection departments have been developed in many trade associations. To handle problems affecting the manufacturer there is what is known as the Manufacturers' Section, and for the dealer, what is known as the Dealers' Section. The detail work of both of these sections is handled in the General Offices of the Association. The Manufacturers' Section has a complete credit interchange service on dental supply dealers, which means that frequently the Association is giving credit information to one member concerning another member. In the same way, the interests of the manufacturers are looked after in the case of financial difficulties of a dealer; as a result, the interests of both manufacturer and dealer are protected.

The Association also operates a Credit and Collection Department that serves the dealer in furnishing credit interchange information on the dealers' customers, the dentists, and also handles the collection of the dealers' accounts.

There are several outstanding examples in the United States of how certain industries have widened the scope of their markets through the co-operative effort of trade promotion. Coordinated effort always makes a greater impression than does individual effort, because no matter how powerful, how ingenious, may be the individual, he does not have the psychology of numbers.

The National Automobile Chamber of Commerce, representing the industry doing in dollars and cents the greatest volume of business in the United States, offers one of the most striking examples of the cooperative effort in industry through a trade association. Over seventeen hundred basic patents,

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affecting the manufacture of automobiles, are cross-licensed through the National Automobile Chamber of Commerce, and thereby made available to all members of that Association without a cent of royalty. What has it meant?

This spirit of cooperation has meant that a consumer in the United States can feel sure that whether the automobile he buys is the lowest in price or the most expensive, it is made as well as it is possible to make an automobile, and that for the amount of money that he spends he is getting absolute value.

The prestige of organized business with Government when the force is properly applied can not be over-estimated, because it brings a true picture of the industry. Recently Calvin Coolidge, former President of the United States, in one of his daily articles in the public press, said in part:

"Neither the state nor the federal government can supply the information and wisdom necessary to direct the business activity of the Nation. About all that can wisely be done in this direction is provided by trade organizations. Additions to the system promise most if they are voluntary and provide a better coordination of activity."

Often it has been said, "It does no good to produce any article of merchandise if there is no market for it; this is literally true, although there have been many articles that have been produced when a large majority thought there was no market, but by judicious trade promotion, cooperatively, markets have been provided. Daily we see many phrases that have come to be a part of our everyday vocabulary, such as "Say it with flowers," "Don't write—telegraph," "Send it to the laundry," "Save the surface and you save all"; a page might be filled with many others that are so well known that the industries in which they are used are daily receiving considerable free publicity through their use in songs, stage jokes, etc. Of the four quoted, all but that relating to the telegraph have been used in trade promotion campaigns of an industry through group effort. However, "Don't write—telegraph" is considered as much of an institutional slogan as the others.

Another example of building a market has been the establishment of certain "days," such as "Mother's Day," "Father's Day," etc. The popularity of these can be traced directly to certain trade associations that developed them and have thereby provided an enormous outlet for their industry's products, as well as those of many others. For example, "Mother's Day" was fostered by the Greeting Card Association and that industry reaped a harvest. Along with it, nearly every line of retail business has profited—jewellers, confectioners, florists, ready-to-wear, furniture dealers, etc.

From a general state of apathy to a definite consciousness of good appearance have home owners been educated by the "Save the Surface" campaign, fostered by the paint and varnish industry. Most any head of a family can tell why he should keep woodwork painted. Not only did this campaign

serve to sell millions of dollars worth of paint, but it rendered a definite service to property owners by arousing in them a consciousness of the enormous depreciation that was occurring yearly because of lack of care.

In almost every case, hand in hand with these remarkable promotion plans has gone industrial research—how to make the product better, how to make it less costly, how to make it more attractive. As a consequence this has developed the service of certifying to the buyer that certain members of the industry were building their products to the standards demanded by the findings of their research departments.

One of the most interesting phases of both trade promotion and industrial research developments has been the changing attitude of the member. Almost as soon as these standards have been established and have been made known to the buying public, the association member starts to take stock of himself, of his operations; he asks himself the question: "Is our product up to these standards?" "Is our service such that we will be commended or criticized from the standpoint of these standards?" Also, many non-members have come to appreciate the prestige of membership in the association. Frequently a manufacturer who has contended against certain standards adopts them because he becomes aware of a definite force being developed that will react unfavorably to his line unless he adopts the standard. To-day, a better automobile can be purchased for five hundred dollars than twenty-five hundred dollars would buy twenty-five years ago, thanks largely to cooperative research.

In one of the largest cities of the United States, in fact, the city that showed the fastest growth in one decade, the trade association movement has proven of great economic benefit to the entire state. In this city, which dominates the state in which it is located, there is, in the Chamber of Commerce, a "Governmental Committee." This Committee is made up of the executives of the various associations. Economy in both state and municipal operation has been brought about through the keen study that has been made by this "Governmental Committee," and through recommendations, economies in government expenditure have brought an actual saving of millions of dollars in taxes. Also, in this way, the cooperation of business, both individual trade groups and collectively, has been brought to the support of a given industry when it was confronted with some problem that needed correction.

At times there is criticism of the association movement. It has been said that we are "over-organized," but it has not been proven. Somewhat similar to the work done in a given community through organized effort of associations, nationally many groups have come together for a consideration of mutual problems. The American Paper and Pulp Association, whose membership is made up of several associations in the paper industry, such as the tissue paper manufacturers, the writing paper manufacturers, kraft paper

manufacturers, etc., has a definite function in handling problems that are peculiar to the entire paper and pulp industry, but not to any specific group.

One of the outstanding organizations of this sort is the American Trade Association Executives, the national association of managing executives of trade associations—a natural development of the desire of these men to do among themselves what they are daily trying to demonstrate in their own jobs. This organization is a clearing house for everything that is good in trade association operation. Trade association management has become a profession. A trade association executive can be termed a new type of economist; this organization is attempting daily to improve the standards of management. The classification of trade association activities is one of the examples of the study being made of this profession. A National Institute for Commercial and Trade Organization Executives, supported by the Chamber of Commerce of the United States and the National Association of Commercial Organization Secretaries (Chamber of Commerce executives) as well as American Trade Association Executives, providing what might be termed "post graduate clinics" in association management, is held each summer at Northwestern University, Evanston, Illinois. Walter Dill Scott, President of that University, is a member of the Board of Managers.

One of the evils that has crept into the establishment and growth of trade associations has been the lack of care in selecting the managing executive. Too frequently a lawyer or some member of the industry who has not been particularly successful or who has retired from business is selected to manage the affairs of the Association. The selection of a trade association executive should be considered just as seriously as the selection of an executive of any other large organization.

In discussing this subject before one of the meetings of the American Trade Association Executives, one of the members illustrated this point in a most intelligent way. He said, "Let us take any association—say it is the Association of Average Business Men, with five hundred members paying total annual dues of one hundred thousand dollars. In giving attention to Association activities, the majority of these five hundred members will attend one meeting a year, at a cost equaling their annual dues. In addition, they will have correspondence with the Association, entailing additional expense of office employee, stationery, postage, etc., we will say all of this aggregating an average for the membership of a yearly expenditure of two hundred and fifty thousand dollars. To produce this amount of money at the nominal rate of five per cent requires five million dollars. Therefore, your trade association can be looked upon as a going concern that requires a capitalization of five million dollars. If you are going to select a managing executive for a concern of this size, you will consider carefully his selection. Don't you agree that the same care should be used in the selection of a trade association executive?"

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THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

Symposium on the Anti-Trust Laws

The following opinions were expressed and discussed:

1. The anti-trust laws have failed; a possible remedy would be the organization of industry with consumers, producers and labor controlling.
2. The fallacies in the various proposals for the revision of the anti-trust laws were discussed; continued revision until they work was suggested; trade association control was also advocated.
3. An agreement among the members of a trade association to limit production in order to adjust production to demand would not be a violation of the Sherman Anti-Trust Act of 1890 as it has been interpreted by the Supreme Court of the United States. Exception was taken to this view.
4. As a plan for increasing the powers of and making more effective the work of the Federal Trade Commission, it was proposed that a Bureau of Corporations, a Bureau of Trade Associations, a Bureau of Commercial Standards and a Bureau of Industrial Coordination be set up within the Commission.
5. Another industrial commission was proposed, to consist of representatives from both houses of Congress, business men and economists, to reconsider our present anti-trust laws and propose a new set of laws or other means of preventing restraint of trade.
6. The consequences of the increasing size of the economic scale of recent years are not satisfactory; a somewhat smaller unit of production might be more economical.
7. The present depression is not cyclical but is a major readjustment. A manager type of financial statesman will be needed to supersede the old promoter type. The disadvantages which have arisen from mergers were outlined. What we really want is the benefit of monopoly without its evils. Under the anti-trust laws our possible policy will be to expect prevention of abuse but not of monopoly itself. The powers of the Federal Trade Commission could be so enlarged as to function effectively in the prevention of abuse.
8. The very large mergers have all been the result of a desire for protection and have been forced into being.
9. Plenty of support for or against almost any conceivable combine can now be found.
10. The anti-trust laws as they now stand are very ineffective in preventing mergers. Submitting plans for proposed mergers to some government authority that would give an opinion regarding their legality was suggested.
11. Under present conditions the interests of the competitor, of labor, of the public are sometimes advanced by the formation of the larger units. The possibility of joint action by the Department of Commerce and the Department of Justice as a means of clearing away the present uncertainty regarding the legality of plans for mergers was discussed. *Symposium held under the auspices of the School of Law, Columbia University, at McMillin Academic Theatre, December, 1931.*

What Is Business Ability?

A study of the important elements of business ability and credit ratings would include the following questions: 1. Is your customer a worker? 2. Does he have the essential facts of his progress for study? 3. Does he create business or does he merely take what comes to him? 4. Does he give personal attention to all phases of the business, or does he leave some part entirely to someone else? 5. Does he use capital most advantageously or does he have too little or too much capital? 6. Does he properly balance all parts of the business so that each part helps the others, or does one part support the whole business while other parts show losses? By M. A. Kincaid. *The Bankers Monthly*, October, 1931, p. 608:1.

Super Trade Groups Needed by Business to Meet Conditions

An industry should be considered as a business on a greater scale, which has to fight the constant competition of other industries for its share of the consumer's dollar. Just as in the modern business corporation teamwork, planning and harmony between the many departments are imperative, so the various components of an industry should be merged into a smooth working super association, whose raw materials, production and sales are in balance with a profitable consuming demand.

The two big hurdles to be overcome in the attainment of this program are the Government antitrust laws and the human equation. The average executive still retains a hereditary horror of disclosing information about his own business, which is the primary essential in guiding industries. The individual business is suffering because it needs the vital blood transfusion of its competitors, which can only come through complete co-operative action.

The super trade association as envisioned by many leaders of thought approaches the cartels of Europe which strictly control entire industries with government sanc-

tion. In many industries a uniform cost accounting system must be put in every plant and monthly interchange of departmental operating costs averaged and sent out for the benefit of all. The members must overcome their personal reluctance and give their confidential central office the type of information absolutely essential for intelligent control of the industry's operations. Some are doing much of this now, and it will be commonplace shortly when the Government decides that employment and buying power, which alone make prosperity, depend upon the welfare of industries. By Albert H. Doolittle. *Journal of Commerce*, Nov. 28, 1931, p. 10.

How Far Can Rationalisation Go?

The effect of rationalisation is to eliminate competition, and so to increase the cost of the product to the eventual purchaser. The question is, whether the advantages of rationalisation outweigh its drawbacks, and whether it will be a final mode of development in the future. Mr. Watson is inclined to think that it is a temporary phase, and that later we shall return to the development of trade along its natural lines, that is to say, the success of the firms that are most capably managed. With this change-over will probably come the limitation of dividends and the recognition that beyond a certain point managerial remuneration must not go. By Angus Watson. *Business*, August, 1931, p. 55:2.

Budgetary Control for Overhead

The George W. Smith Woodworking Company has developed a successful plan for the control of overhead through a well-devised and operated expense budget. It is inexpensive to operate and extremely simple in its preparation. On the basis of the annual Sales Dollar the three items of expense—manufacturing, marketing and administrative—are budgeted. Then the Sales Dollar is converted into Overhead Dollars and carefully budgeted over some 61 major items of expense on a basis of

twelve months of four and one-third weeks each. The 61 items of overhead are divided into controllable and non-controllable items, the latter obviously carrying fixed charges such as rent, group life insurance, proportionate taxes, etc.

Each account which over-runs its budgeted sum is immediately analyzed and the reason determined. A report is then made on what caused the excesses and each foreman responsible for the over-run is given the analyzed statement of the account and shown just wherein he exceeded the figure at which he should have accomplished the job. The steps prior to

and the development of the budget plan are explained. The cost of operation is only \$110 monthly. By Edwin P. Schroyer. *System*, December, 1931, p. 391:2.

New Merger Technique

Apparently something like a new technique in merging has been disclosed in the recent merger of the Bank of America with the National City Bank, a technique quite different from the 1929 model, a technique which is not productive of undue capital expansion. *The New York Times*, November 24, 1931.

FINANCIAL MANAGEMENT

Why Not Standards for Costs?

Cost accounting and the resulting analysis of accounts has taken the banking profession by storm with varying results. Before bank cost accounting can have the respect to which it is entitled, both within and without the profession, and can give us within the profession the emphatic value of comparisons, there should be adopted some standardized plan for obtaining costs. A suggested plan for standardization is illustrated. By R. H. Brunkhorst. *The Burroughs Clearing House*, December, 1931, p. 11:3.

Huge Home-Building Credit Viewed as a Business Lever

President Hoover's Mortgage Bank Proposal is analyzed for its possible effects on a wide range of fundamental industries. By Paul M. Mazur. Reprint of an article which appeared in *The New York Times*, October 25, 1931, 10 pages.

Cost Accounting for a Fleet of Delivery Trucks

The procedure used by a large newspaper publishing company in cost accounting for a fleet of delivery trucks is carefully outlined. Many illustrative forms ac-

company the text. By Walter E. Mueller. *N. A. C. A. Bulletin*, Oct. 15, 1931, Section II, p. 242:9.

Mechanical Cost Accounting for Color Printing

By Adrian Metzger. *N. A. C. A. Bulletin*, Oct. 15, 1931, Section I, p. 225:15.

Cost Factors in Personal Finance

The cost of money for loanable funds appears as a sizable item in any analysis of the operating costs of the personal finance business. Obviously the size of the loan exercises large influence over the costs and earnings of the business and must also figure in considerations of the permitted rate which fixes gross income. The comprehensive investigation of applicants, which must move forward with all practical expedition and certainty, imposes a heavy cost item upon the gross income from the business. The collection work of the personal finance office is another expense factor which may be cited as having especial weight in any analysis of personal finance costs. Capital turnover in the personal finance busi-

ness is an item of cost, not one of profit. Booklet published by The American Association of Personal Finance Companies, Washington, D. C.

If I Were a Bank President

Seven five-year plans for bank management which Mr. Porter would use if he were a bank president are: 1. Directors would be elected for five years; 2. Officers would have five years to handle one general job; 3. I would require five years of experience in banking of any officer or employee at important clerical or customer contact work; 4. Customers would be helped in working out a five-year plan for their own advancement; 5. Bonds would be bought for a five-year investment plan; 6. Equipment would be bought on the basis of what it would save in five years of use; 7. Advertising would be laid out for a five-year plan. By R. E. Porter. *The Bankers Monthly*, November, 1931, p. 657:2.

Standard Costs in the Clay Products Industry

By Kenneth Barrette. *N. A. C. A. Bulletin*, Nov. 1, 1931, Section II, p. 302:11.

Cost Accounting for Coal Mines

By J. A. Bullington. *N. A. C. A. Bulletin*, Nov. 1, 1931, Section I, p. 293:9.

What Does the Comptroller Do?

There has always been a confusion relative to the titles "auditor," "treasurer," "accountant," "comptroller."

Generally speaking: the auditor checks individual transactions to see that they are technically and literally correct; the treasurer is the disbursing officer of funds turned over to him for that purpose; the accountant, in the most limited sense, checks bills and sees that they are paid; the comptroller is basically an accountant, checking transactions of income and expense from a control standpoint and in the course of these operations his duties have wide ramifications.

In the Cleveland Trust Company the duties and responsibilities of the comptroller

are two-fold: 1. control of the accounting practice in connection with the bank's own costs; 2. suggesting short-cuts and economies in the operation of the bank's services to customers. By A. A. Denison. *The Bankers Magazine*, September, 1931, p. 294:3.

There Is No Substitute for Sound Management

Scientific bank management is no longer a thing merely to be hoped for; it is imperative to survival. Stated simply but candidly, the management of every bank, regardless of whether it is chain, branch, group or unit, is today confronted with the necessity of practicing scientific management or facing certain elimination. There are no other alternatives. By Craig B. Hazlewood. *The Bankers Magazine*, September, 1931, p. 297:5.

And the Charge Is: Negligent Public Relations

Rumors do not start, or if they do, have little effect on the bank that has kept its customers well informed by personal contact and consistent advertising. By Carroll D. Murphy. *The Bankers Monthly*, November, 1931, p. 661:2.

Stabilized Depreciation

The thesis of stabilized depreciation is that the original cost of a depreciable fixed asset should be so distributed over subsequent periods that the depreciation charge in the current average-price level for each such period will represent the same real capital portion as it would if expressed in the general price level of the date when the asset was acquired. Stabilized-depreciation procedure, other things being equal, possesses the great advantages of, respectively, maintaining real, economic capital and correctly stating (so far as price levels are concerned) the depreciation to be charged off. Its major disadvantages are its novelty and complexity.

In order to maintain real capital exactly and to state profits and expenses ac-

curately, real-value expenses other than depreciation should likewise be stabilized. Practical considerations will usually, however, not require such refined procedure.

Stabilized depreciation need cause no income-tax complications. By Henry W. Sweeney. *The Accounting Review*, September, 1931, p. 165:14.

Insurance

Automatic Protection for Property at Distributing Branches

It is no longer necessary for the company with branch warehouses to take out individual policies for each branch and thereby run the risk of loss when unusually large shipments are stored. A single multiple location floater policy automatically covers branch warehouse inventories, consigned goods in hands of dealers or agents, merchandise sold on conditional terms, merchandise left in carrier warehouses beyond time limit, goods temporarily stored in public warehouse, furniture and equipment in branches, etc.

This automatic coverage has the advantage of bridging any gap in time between actual arrival of property and receipt of notification by home office, it permits centralized buying by an intelligent buyer of insurance, the buyer is able to control the placement of coverage on dealer stocks and there is adequate and concurrent coverage at all times regardless of size of stock. Monthly reports to the insurance carrier giving average value of inventory make it possible to adjust coverage periodically to conform with fluctuations in stocks carried. If the values in some locations are larger than

the underwriter cares to assume under a floater policy, it is possible to carry specific insurance for the difference and still derive the advantages of the floater policy. By P. D. Betterley. *System*, October, 1931, p. 238:1.

Unemployment Fund Plan of the J. I. Case Co.

In addition to retirement pension and group insurance plans, the J. I. Case Co. is inaugurating an unemployment insurance plan providing for contributions of 5 per cent of earnings and an equal amount from the company. When the total amount on deposit is equal to average earnings for six months, payments will be reduced to 2 per cent and continue until a reserve amounting to a year's earnings has been accumulated. This fund will be deposited with a trustee and in the event of unemployment, employees will be allowed to draw a maximum of 40 per cent of average weekly earnings from the trust fund. These payments will also be made in case of death or permanent disability. *The Insurance Field* (Fire, Marine and Casualty Edition), December 3, 1931, p. 12.

OFFICE MANAGEMENT

Organization: Job Analysis, Employment, Pay, Tests

Manning for Tomorrow

Personnel administration is not an activity that can be installed in isolated spots here and there in a company and expected to operate as if it were a scattered colony of machines. Rather, the labor program of an enterprise is an entity, a

unit—as much as an integrated unit as is the company's budget.

True, the personnel administrator is a specialist; but more and more clearly he is coming to see the business as a whole, and to realize that his job is to advance all its personnel relationships, in all its depart-

ments and functions and activities, along scientific and practical lines. By that overall principle he will be guided in his task of upbuilding business personnel for and in the future. Thoughtful company executives are thinking of provisions for manpower equipped with the business ability that will be needed next year and five and ten years ahead. The future manpower problem is discussed by an expert in the personnel field. An interview with Edward S. Cowdrick by Arthur H. Little. *System*, December, 1931, p. 381:3.

Public Employment Center of Rochester, N. Y.

In establishing a model public employment office at Rochester, the sponsoring committee of Rochester citizens and the Advisory Council of the New York State Department of Labor made the following departures from tradition, which have contributed materially to the success of the Rochester Employment Center: 1. Selection of premises which were dignified and modern rather than the usual ramshackle office; 2. Segregation by occupations of those applying. These divisions consist of: first, farm and labor division; second, semi-skilled men; third, women day workers; fourth, commercial and professional men and women; fifth, technical division; sixth, women's division for (a) factory workers, (b) domestic and personal services; 3. A ruling was established that all interviews should be private; 4. Selection of a trained staff, which included an economist, and an engineer who is also a statistician, who has had experience in doing research work, and has made a study of industrial psychology.

A statistical analysis was made of the first 700 applicants. Of the total registered, 26 per cent were of the white collar class, that is, commercial, professional and technical. Over 90 per cent were less than 50 years of age, upsetting the general impression that the older worker is the first to be dismissed. Only 7 per cent of the applicants had been in Rochester for less than one year's time, upsetting the popular

floater idea. Of those who registered, 3 per cent had attended college but had not been graduated and 2 per cent had been graduated from college; that is, while 5 per cent were college people only 2 per cent were college graduates. Over 50 per cent of the applicants had not gone beyond the 8th grade in their education. By Jess T. Hopkins. *Address before the Personnel Club of New York*, December 10, 1931.

Revising Rating Techniques

Studies of the rating scale made by the Committee on Personnel Procedures of the American Council on Education indicate clearly that rating techniques are still the only available techniques in recording and measuring many forms of human behavior, particularly the attitudes so significant in industrial and educational personnel work. As a result of the Committee's work there is available for the use of personnel officers not only a summary of all clues to good scale construction and use which have been discovered in the past ten years, but also a greatly improved form of rating scale.

A significant element in the new scale is the inclusion in the scale itself of space for "behaviorgrams," by which term is meant significant instances of behavior or narratives of fact which illustrate the trait being rated. Not only does the rating scale thus become a material gathering device, but it also stands up well under critical statistical procedures as a measuring device—provided it is carefully and critically used. By Francis F. Bradshaw. *The Personnel Journal*, December, 1931, p. 232:13.

Job Analysis

An outline of job analysis as conducted by Missouri State Life Insurance Company. Samples of a job description form and a schedule of duties form which are used in the surveys are illustrated. By John S. Masterson. *Quarterly Bulletin, National Office Management Association*, August-November, 1931, p. 30:2.

Records: Forms, Charts, Cards, Files, Statistics**Machine Accounting Application to Receivables**

The methods used by the Ajax Rubber Company in compiling general accounting records, sales journal, cost of sales, manufacturing records, sales and operating statistics, and accounts receivable on electrical tabulating machines are explained. By P. J. Mayle. *N. A. C. A. Bulletin*, December 1, 1931, Section II, p. 446:5.

Cutting Overhead with a Mechanical Billing System

Besides reducing billing expenses, this system has speeded up operations, cut down the possibilities of errors, met the back-order problem, and at the same time incorporated principles of cost accounting. It is explained in detail and the charts and forms used in it are illustrated. By Farris L. Morton. *Mill Supplies*, November, 1931, p. 15:3.

Training and Education: Schools, Libraries, Employee Publications**Training Office Employees**

Mr. Mitchell outlines a training program, the salient points of which are: 1. Training must be based upon written instructions; 2. The employee to be trained must be carefully selected; 3. The executive to be a good teacher must be friendly, patient, courteous, firm, and must have a thorough grasp of the work on which the employee is to be trained; 4. Junior executives are

developed by the gradual assignment of responsibility under proper guidance and positive check of their growth; 5. The best method of teaching is a combination of discussion and demonstration. Six steps of training are given: analysis, demonstration, explanation, trial, correction, follow-up. By John Mitchell. *Quarterly Bulletin, National Office Management Association*, August-November, 1931, p. 2:3.

PRODUCTION MANAGEMENT**General: Promotion, Organization, Policy, Development****Ratios for Printing Management**

Through the development of its Standard Cost and Accounting methods the United Typothetae of America has established an effective system for basic information regarding the financial aspects of the printing business. The value and importance of proper accounting and cost finding is well recognized. With a uniform and standard system the experiences of the industry are gathered, compiled and interpreted for the benefit of all.

In this, the tenth annual booklet, operating ratios of six hundred and twenty-four representative printers for the year 1930 are presented. There are chapters on:

Ratios as an Aid to Management; Printing Barometers of 1930; The Financial Statements; Balance Sheet Analysis; Operating Statement Analysis; Departmental Cost Analysis; Comparative Yearly Ratios. In the Appendix there is an explanation of the Typothetae Classification of Accounts. *Report of The Department of Finance and Accounting of the United Typothetae of America*, 1931, 56 pages.

The Story of a Quality Control Plan in the Rayon Industry

With the life of the rayon industry "threatened by unsound production methods," this company entered upon a cooper-

ative program designed to protect manufacturer, retailer and consumer through the formulation and maintenance of rigid standards. The Merchandising Director, The Viscose Company, describes the provisions of the "Quality Control Plan," and traces some of the results of this program, which is proving of practical benefit to the industry. By John A. Spooner. *Executives Service Bulletin*, November, 1931, p. 7:1.

A Standard Cost System for a Cotton Mill

By E. G. Field. *N. A. C. A. Bulletin*, December 1, 1931, Section I, p. 431:15.

Machine Tool Plant Keeps Separate Costs for Engineering Work

What do you do in your plant with the cost of engineering work? Is it lost in the shuffle, applied as a burden to the entire business, or is it kept separately and applied to each individual job so that the engineering department is made to pay its own way? Engineering costs are a large item in the cost of maintaining factory production and they must be properly allocated to the individual products to deter-

mine the profit-making product from the one that is causing losses.

In the plant of the Cincinnati Planer Company an estimate sheet has been devised for all engineering and development work, and total costs for such work are allocated to the costs of the products by the management. The benefits of this method are told in this article. By Thomas B. Frank. *The Iron Age*, December 10, 1931, p. 1475:3.

Accounting for Unused Facilities

During a period of business depression many plants find that the cost of idle or unused facilities has unduly increased the cost of their product at a time when the selling price has been decreased.

In this article a discussion of the principles of accounting for unused facilities is presented. Production, administrative and economic causes of idle time of men and plant facilities are clearly explained and some excellent suggestions for accounting treatment in each case are presented. By Wyman P. Fiske. *N. A. C. A. Bulletin*, November 15, 1931, Section I, p. 355:15.

Industrial Economics: Labor and Capital, Legislation, Wage Theory, Immigration

A Survey of Current Personnel Practices in 195 Concerns

How extensively is American business actually making use of job analyses, qualification cards, employee representation, stock ownership and other personnel practices and techniques which have been developed in recent years?

From questionnaires describing personnel practices returned by 195 leading concerns employing 2,391,000 workers, it was found that man analyses are more common than job analyses. Psychological tests have lagged behind trade tests as an employment device. Interviewing is the most generally used employment device, being reported by 93 per cent. Bonus plans of

wage payment are used by relatively few employers in comparison with straight piece rates, and straight time is still used by 69 per cent. Pension systems are in use two and one-half times as often as employee representation. The proportions of firms using various combinations of personnel management devices are also shown, and many other valuable comparisons are made. By Stanley B. Mathewson. *Address before the Tenth Annual Autumn Conference, Personnel Research Federation*, November 13, 1931.

Bethlehem to Care for Own Jobless

Bethlehem Steel Corporation has agreed to a plan under terms of which it will take

care of all its employees at its Lackawanna, N. Y., plant who are in need of employment relief.

The company installed the stagger system to provide as many jobs as possible, but in view of the fact that the plant is on a capacity basis of only 30 per cent the stagger system was inadequate to provide work for its entire personnel.

The corporation now has determined to undertake work of improvement, erection of a new mill and razing an old one in order to provide jobs as well as having given assurances to the unemployment relief agency of Lackawanna that it would support the relief campaign under way in that city as an additional means of contributing to relief and to assure that none of their employees hit by the depression would become public charges. *Journal of Commerce*, December 15, 1931.

Company Plans for Unemployment Benefits

A general discussion of plans which have come into prominence during 1930 and 1931, with summary sheets showing how the various features of each compare. A bibliography complements the text. *Memorandum prepared by the Industrial Relations Section, Princeton University*, November, 1931.

Preparation for the Coming Industrial Expansion

The present time appears to offer an ideal opportunity to improve methods in order to derive the utmost advantages from coming developments, which are certain to equal, if not surpass, the prosperity

which we have enjoyed in the past. An unceasing study of the product, of the personnel, of production problems, of distribution methods, and of the accounting system, may disclose methods whereby more efficient operation may be attained, with consequent improvement in profits. By R. P. Ridges. *N. A. C. A. Bulletin*, Oct. 1, 1931, Section II, p. 172:8.

Industry's Responsibility in This Depression

The Swope plan, causes of this and other depressions, certain fundamental laws governing prices and prosperity, and steps which can be taken toward better times—the Manager, Jones & Lamson Machine Company covers them all and relates them into a program. By Ralph E. Flanders. *American Machinist*, October 22, 1931, p. 627:4.

The Increase of Unemployment in Germany, 1925-1931

By means of an unadjusted curve which shows both seasonal and cyclical changes in unemployment, the startling increase which has taken place in unemployment in Germany between the years of 1925 and 1931 is portrayed. During the year 1925 at no one time were there more than a million and a half workers unemployed. Unemployment rose until in the early months of 1931 more than eight million men were out of work. It is interesting to note that the season of the greatest unemployment in Germany is in the early months of the year rather than in the summer season as in the United States. *Der Arbeitgeber*, November 15, 1931, p. 549.

Plant: Location, Lighting, Heating, Ventilation

Today's Maintenance Policies Determine Tomorrow's Profits

Maintenance is particularly essential in a depression, not only to protect plant and equipment from deterioration but to keep everything in readiness for business revival.

The plant which is down at the heels when the returning tide of orders sets in will be severely handicapped. The repair and service departments of equipment builders cannot be asked to do the impossible.

The maintenance problem both from the

point of view of current and normal conditions is outlined by representatives of Shepard Niles Crane & Hoist Corp., Warner & Swasey Co., and H. K. Ferguson Co., in the second of a series of symposiums, (the first abstracted in *The Management Review*, October, 1931). Differences in maintenance policies here and abroad are outlined. Some companies in this country adhere to the policy of scrapping obsolescent machines every four or five years to take advantage of the economies in high production and low cost accruing from the latest designs. *The Iron Age*, December 3, 1931, p. 1415:3.

Replacing Equipment to Decrease Sales Resistance

When the new owners and managers of Geometric Tool Company took charge in 1923, they put into effect a profound idea—"selling is not wholly the act of persuading a person to buy; it is principally the removal of resistance to sale from the product itself." Inevitably they developed a consistent and effective equipment replacement policy. The fundamentals which epitomize the objects of the company's replacement policy are: 1. Accuracy or quality of product; 2. Increased production; 3. Lower overhead: a. Reduction of floor space. b. Upkeep. c. Supervision. As a result of this program Geometric Tool has doubled productive capacity on chasers, tripled productive capacity on tools. And, at the same time, it is able to bring to the consumer a better and more lasting product in half the time or less. This is the prize-winning brief for the *American Machinist* Award for 1931, Class II, companies

whose average annual output is less than one million dollars. By G. S. Tracy. *American Machinist*, November 12, 1931, p. 743:11.

A Replacement Policy That Shares Responsibility

How the Norton Company, Machine Division, by adopting a common-sense policy, increased production capacity 15 per cent, reduced production floor space 20 per cent, improved quality and cut the average age of its equipment to 8.9 years. This is the prize-winning brief for the *American Machinist* Award for 1931, Class I, companies in the metal working industries whose average annual output is one million dollars or more. By Roy C. Blanchard. *American Machinist*, November 12, 1931, p. 729:12.

Will Colors on Machines Pay?

An endeavor to ferret out and present the facts underlying this much-disputed question. At first thought, the idea of introducing yellows and blues and greens into a metal-working shop may seem foolish, but it quite evidently produces profitable results. By Herbert Chase. *American Machinist*, November 26, 1931, p. 807:3.

Motion Study and Plant Layout

The story of improvements in plant layout which have been effected through motion economy studies in the Cadillac Motor Car Company, illustrated by a series of before-and-after layout charts. By F. J. Van Poppelen. *Factory and Industrial Management*, December, 1931, p. 797:3.

Benefit Systems and Incentives: Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership

For Unemployment Insurance see Insurance Section

Contributory Participation or No Pension

The Tool Steel Gear & Pinion Company, recently inaugurated an employee retirement plan. The guaranteed return, with

four per cent compound interest added, of the total of contributions made by an employee dying or withdrawing from service prior to retirement age, and the complete exclusion from retirement benefits of any

employee not electing to become a contributing member, are two of the notable features of this plan, the details of which are given. *Industrial Relations*, November, 1931, p. 385.

Supervisory Incentives

In a recent survey of the wage policies of 79 shops, it was discovered that they make use of incentive plans of wage payment for foremen or supervisors as follows: 24 are based upon a profit-sharing plan or Christmas bonus, dependent upon the company business; 19 are based upon departmental or plant production; 15 are based upon economy of material, direct labor, indirect labor, or scrap or spoiled work; 14 are based upon earnings of subordinates; and seven are based upon a combination of two or more factors.

General practice in instituting such in-

centives consists of three stages: 1. Establishing definitely the average percentage of piece work earnings, average percentage of waste to finished product, average production per employee, or other index representing conditions prevalent in each department over a long period of time, and setting this average up as a bogey; 2. Determining what constitutes a proper incentive. This is largely a matter of judgment, but in practice it seems to range between 20 and 30 per cent of ordinary salary; 3. Fixing the relation of the incentive to the bogey. Usually this is done on a direct ratio, that is, the foreman receives a certain percentage bonus for each one per cent the average or index indicates an improvement over previous conditions. The experiences of three individual concerns with supervisory incentives are reported. *Industrial Relations*, November, 1931, p. 392:4.

Shop Methods: *Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study*

Unified Production Methods

Controlling the production of linotype machines—large equipment composed of many small parts—is no easy task. In the last of a series of three articles, the control system used at Mergenthaler—a system which works—is described, step by step. By James J. Phalen. *Factory and Industrial Management*, December, 1931, p. 809:3.

What Mechanical Handling Did for Consolidated Paper Company

Four years ago this plant had no mechanical handling devices at all. Since then, a complete mechanical handling system has been installed at great expense. The saving realized on handling costs alone has been sufficient to pay for the installation in less than one year. Other direct benefits have been: 1. Shortened the manufacturing process by approximately ten hours; 2. Practically eliminated wastage due to handling; 3. Increased storage capacity

by one-third; 4. Eliminated many costly makereadys; 5. Speeded the shipping operation 44 per cent. By D. G. Baird. *Materials Handling and Distribution*, December, 1931, p. 16:2.

Keeping Materials in Motion at the Syracuse Washing Machine Plant

Approximately 150 tons of materials are handled in a day at the Syracuse plant. To keep it moving at a necessary speed, without confusion, mechanical appliances are brought into use wherever economical. The layout of the plant is such that the incoming materials are received as close as possible to the storage department and from the latter flow out in straight lines of production from department to department; when the washing machines are entirely assembled and packed in shipping containers, the journey from the packing room or from the finished storage department to outgoing freight cars is a minimum one. Thus there is a continuous flow, with little rehandling. The layout and

handling equipment are explained. By John A. Cronin. *Materials Handling & Distribution*, November, 1931, p. 17:9.

Motion Study and the Movie Camera

The moving picture camera will reveal details of operation that the most painstaking observer often passes over in the round of his daily work. The real study work follows after the camera has been utilized in filming the original operation, later to be improved by analysis of the picture. One leading moving picture camera manufacturer worked out the stop watch factor very ingeniously by adapting one of his models for micro-motion study in such a way that any stop watch may be photographed in the lower corner of the picture. The motion picture camera is rapidly being adapted to many uses other than motion study; for example, for instruction in reducing accidents, or in

short-cut methods of doing the job, and in the reduction of the cost of selling. By L. H. Freeman. *N. A. C. A. Bulletin*, November 15, 1931, Section II, p. 370:6.

The Uses of 16-Mm. Movies in Industry

Internal uses of industrial motion pictures include instructing employees in safety, in machine-shop practice, in plant housekeeping, and in fire prevention, as well as making records of construction and research findings, and of testing, assembling, sorting and packing operations. This paper describes some of the many internal uses and shows how members of the shop engineering staff can make such pictures on amateur standard 16 mm. film with inexpensive amateur equipment. By Maynard L. Sandell. *Transactions of the A. S. M. E. (Machine-Shop Practice)*, September-December, 1931, p. 131:8.

Research and Experiment

Coordination of Research, Sales and Production

This paper seeks to demonstrate how the various research activities are coordinated one with another, and then as a unit with sales and production, so as to consider related factors in the instigation and carrying forward of research projects. Likewise it aims to bring out how definite mechanisms of coordination may be established whereby the greatest benefits may be derived from the research activities through the development and manufacture of products which are both commercially and technically sound. By Richard F. Wilder. *Transactions of the A. S. M. E. (Management)*, November 30, 1931, p. 53:10.

Better Products Will Release Dammed-Up Dollars

How many businesses are suffering from fallow markets because they are unwilling to toil and sweat and struggle to develop better products, and because they are afraid of and hostile to change? The Vice-President in Charge of Research, General Mo-

tors Corporation, emphasizes the point that in order to sell we must create products that people want. These products must be definitely and essentially better—so much better that they will relegate and supersede even our best today. The sooner we get over the impression that prices, packages and eloquence alone can sell goods with which the public already is surfeited, and start in to think of things the people want, the better it will be for us individually and for the nation as a whole. By Charles F. Kettering. *Sales Management*, November 14, 1931, p. 230:2.

What Sells Goods?

Price isn't the only thing that makes goods sell. It may be any one of a number of considerations—quality, utility, novelty, style, etc. And it is distinctly up to the men in plant jobs to see that the sales department is armed with one or more of these selling advantages. Sales depend quite as much on what a salesman has to offer as on how he offers it.

Jewel Tea has 1,325 salesmen calling every two weeks on 650,000 customers typical of the American buying public. From these salesmen flows a steady stream of first-hand information on what makes goods salable right now, plus the inevitable criticism of products and prices. The company tempers its judgment with current experiences in production problems, and cross-checks these viewpoints with manu-

facturers from whom it demands quality merchandise that can be quickly and profitably sold to the company's customers. This company has not found it necessary to reduce wages but by installing better machinery has generally reduced its force, at the same time maintaining about the same production. By H. J. Taylor. *Factory and Industrial Management*, December, 1931, p. 781:3.

MARKETING MANAGEMENT

Organizing to Achieve Consumer Acceptance

The Vice-President and General Superintendent, Towle Manufacturing Company, say that to achieve consumer acceptance we must: 1. Think broadly, elastically and in comprehensive terms; 2. we must use a reasonable amount of statistics; 3. we should have a system of procedure but it must be free from the tyranny of a formula; 4. we must steadily apply ourselves to our problem in the face of very many doubts and discouragements. By H. E. Nock. *Industry*, December 5, 1931, p. 1:2.

Cluett, Peabody Proves More Flexible Than the Stiff Collar

Long-term planning under the guidance of a sales-minded president has pulled the sales and earnings of Cluett, Peabody & Co. out of a 6-year nose dive, promises to give the 80-year-old collar- and shirt-making concern a better and tighter grip on its market than it enjoyed even at the height of the white collar era. The story of how one company has successfully conformed its production and sales program to the present trends. *The Business Week*, December 9, 1931, p. 10:1.

New Developments in Marketing Frosted Foods

After two years of experiment, merchandising of quick-frozen foods is now being actively pushed on a scale which

finally gives some indication of the long promised revolution in the food field.

In March of this year the General Foods Corporation formed an affiliated company, the Birdseye Packing Company, Inc. A comprehensive merchandising program has been developed and has been actively at work since April. To date approximately 150 outlets have been opened in New England with more being added each week.

Naturally the merchandising of this proposition presents more problems than the introduction of a simple piece of merchandise. It is an entirely new departure and involves not only the education of the public but a new type of promotion for the individual dealer. Four points have been found to be the predominating factors—economy, convenience, quality and cleanliness. These points are being stressed in the advertising. By Henry Bursen. *Printers' Ink Monthly*, December, 1931, p. 25:1.

Must Small Orders Be Sold at a Loss?

The present system of list prices and discounts is not adapted to present marketing conditions. Most of the losses attached to small orders can be traced to the use of list prices and the misuse of discounts. It is suggested that if an incentive wage scale is good in the factory, then an incentive buying policy is good for marketing. A plan to inaugurate an incentive program to induce customers to buy in larger quantities is given. By George F. Gardner. *Printers' Ink*, November 19, 1931, p. 17:2.

A Merchandising Plan That Cut Distributing Costs 75 Per Cent

The Norwalk Tire & Rubber Company threw over the national market and developed a concentrated business close around the home office. Distributing costs were cut by cutting out all the frills in selling. It was decided to concentrate on large-volume dealers of good credit. The frequency of salesmen's calls was reduced from weekly calls to one every two or three months. The plan was for each dealer to agree to take a certain volume of merchandise each month. A tentative price was fixed, to be adjusted monthly on a basis of cost plus overhead plus 10 per cent profit. The concern agreed to keep selling and administrative overhead within 10 per cent. The plan was accepted by dealers without any serious difficulty. Today Norwalk is keeping 350 men employed as against 150 last year, is running 66 per cent ahead in volume, is making money. Concentration on the most suitable market is the secret of this company's remarkable

1931 success. By John W. Whitehead. *Printers' Ink*, December 17, 1931, p. 85:3.

Cost Finding for Marketing Functions

Many marketing problems can be approached from a cost point of view. Based upon thorough analyses of marketing costs, marketing policies, whether for individual companies or for entire industries, can be planned more effectively. In distribution, as in manufacturing, elimination of inefficiencies, and disclosure of preventable losses, lead the way to cost reduction and to greater profits. Distribution costs vary for different commodities. They vary according to the type of customer served, and according to territorial differences, such as size and density of population. Services rendered to customers without direct compensation can only be justified insofar as they contribute adequately to profits, either directly or indirectly. Bulletin No. 45, Department of Manufacture, *Chamber of Commerce of the United States*, October 1, 1931, 5 pages.

Sales Promotion: Letters, House Organs, Advertising

Thirty Advertising Agents Tell How to Build Your 1932 Advertising Appropriation

1. The product must be right; 2. The merchandising plan must also be brought up to the minute; 3. The advertiser must determine what he is willing to do to maintain his position in the minds of his customers and his right place in the market; 4. Consideration of the advertising appropriation not only on the basis of the business he hopes to get, but on the business he cannot afford to lose; 5. As an investment in competitive strategy advertising demands serious consideration; 6. The established manufacturer whose advertising appropriation follows sales downward in mathematical proportion, leaves the door wide open for the new manufacturer; 7. Many advertisers will have to reconcile themselves to the fact that, just as they must operate many of their departments,

under current conditions, at a temporary loss, so must they make advertising appropriations which, for the time being, appear to be completely out of line; 8. At the same time, the head of a business has to make ends meet; 9. It is vitally necessary to realize that every advertising account presents its own appropriation problem; 10. For 1929, advertisers asked: "What do we want to spend for advertising?" For 1931, they asked: "What can we spend?" For 1932, they should ask: "What must we spend?" Actual methods in appropriation determination are reported. By E. B. Weiss. *Printers' Ink*, November 19, 1931, p. 3:4.

Bendix, Sales Gladiator, Slays the Dragon Depression

As a result of keeping everlastingly at it in the search for new and better products, Mr. Vincent Bendix is monarch of

practically all the surveys. Following the introduction of important new devices in the automotive and aircraft fields during recent weeks, the Bendix Aviation Corporation booked more orders in thirty days than they had ever booked in any previous year in the company's history. A story of remarkable success in the present generally unsuccessful period. By Lester B. Colby. *Sales Management*, November 28, 1931, p. 308:3.

Getting Employees to Take Up the Sales Slack

During the first six months of this year, employees of the Bell System, other than those employed as salesmen, turned in business that will produce an annual revenue of about \$16,000,000. The basic idea and the technique developed in carrying the plan out are both adaptable to a widely varied list of businesses. There is nothing compulsory in the plan. In general there are no individual rewards or compensation for sales. Every effort is made to develop quotas and then split these quotas down to a team basis, thus promoting competition between groups. Special

pains have been taken to insure prompt action on all orders turned in by employees. All orders and leads are promptly acknowledged and a report given to the employee on the final disposition of each. Every effort is made to simplify the routine of getting orders. Certain employees are particularly trained to assist the rank and file with their selling problems. A flow of stimulating literature is sent to the employees, through house organs, sales bulletins, etc. An executive has been appointed in many of the companies who acts as a sort of employee sales manager. By E. B. Weiss. *Printers' Ink*, December 3, 1931, p. 84:3.

How Standard Brands Has Fought the Depression

The answer, according to A. C. Monagle, vice-president in charge of Royal products and "Yeast for health," seems to be: 1. No let-up in advertising; 2. No let-up in sales efforts; 3. Improved service to trade; 4. Improvement in packaging; 5. Two new products successfully introduced; 6. Improved quality; 7. General soundness of the company's program. *Advertising & Selling*, December 9, 1931, p. 40.

Industrial Marketing

Industrial Marketing Check Chart

When a manufacturer of a product sold to industry wishes to improve his marketing position, one or more of the following marketing elements of his business must be changed: the product or the service sold; the price policy; services rendered to customers; the use of salesmen; the use of

distributors; the use of sales promotion including publication advertising, direct mail, catalogues and directories, exhibits and trade shows, silent and sound motion pictures, slides; industry co-operative effort. By means of this chart, the manufacturer of industrial products may check his distribution policies. *McGraw-Hill Publishing Company, Inc.*, 1931.

Salesmen: Selection, Training, Compensation

Check-up and Personal Control Methods That Assist Salesmen

A number of plans which show how leading firms have developed report systems which enable sales executives to understand fully the problems of their salesmen and to offer help that increases sales. 1. Em-

phasis is now being placed on utilizing information received from salesmen's reports as a guide for helping salesmen to improve their work rather than as a slide rule for checking up on them. 2. Reports are now so designed as to provide sales executives with only those data which accomplish a

definite purpose, either in actually helping salesmen to increase their business, or in providing sales promotion material. 3. Reports from many lines of business evidence the fact that the problem of getting salesmen to send in reports regularly is not the major one it used to be. Better cooperation on the part of salesmen in reference to this

duty is due to some extent to simplification of report forms. 4. Elimination of many non-essential data and the adoption of methods that short-cut the handling of reports at the home office has in many instances, effected substantial savings in the sales department. *Report No. 360, Dartnell Corporation.* 32 pages.

Retailing

What Are the Leading Retail Problems of 1932?

A consensus of replies received from hundreds of merchants to an inquiry on the most vital questions which retailing will have to face during the next twelve months. In order of importance they are: more scientific merchandising, cost of distribution, better advertising, better education of sales people, credits and collections, service to customers, style, price ranges, returned goods. Each is discussed. By William Nelson Taft. *Retail Ledger*, December, 1931.

Training the Retailer's Sales Manager

In its fundamentals, training sales managers to train others presents about the same sort of problems as the sales manager has in training salesmen—or as the production executive has in training foremen. It is a matter of first helping to analyze the job, reducing it to its simplest elements, and then finding a simple, practical remedy for each minor difficulty. The Training Director, the Studebaker Sales Corporation of America, discusses how difficulties encountered in that company were met and outlines Studebaker's training program. By David R. Osborne. *Printers' Ink Monthly*, December, 1931, p. 42:2.

Retail Credit Survey, January to June, 1931

This report contains the results of the third semi-annual retail credit survey. It shows that retail credit for seven of the principal types of retail establishments, taken as a whole, continued to stand the

test of prolonged business depression in a satisfactory manner. The facts indicate that current obligations in the form of open credit and instalment accounts continued to be paid in an orderly manner, and new ones assumed in the same proportion to cash sales as formerly. There were very small changes in the proportions of business done on charge-account and instalment basis. Collection percentages showed a decrease, the decline being greater for open credit than for instalment accounts. Returns and allowances (including reposessions on instalment sales) on all types of sales—cash, open credit, and instalment—were slightly less than those of a year ago. Bad-debt losses were greater. Fraudulent buying was approximately the same. Losses through cashing fraudulent checks increased slightly over those of a year ago. A number of the changes here mentioned are adverse ones, but, considering the circumstances, are small and less than had been predicted. *Domestic Commerce Series No. 53, Bureau of Foreign and Domestic Commerce*, 47 pages.

Know Your Retail Market—Census Shows How

The Director, Bureau of Foreign and Domestic Commerce, says that the challenge of the immediate future seems to lie in the fact that we now have the opportunity to make the same sort of approach to the study of our domestic trade as we have previously taken in the expansion of our foreign trade. In the Census of Distribution we have for the first time the basis for making economic charts of po-

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tential markets based on actual sales of commodities, and not on theoretical measures of purchasing power. The Census of Distribution enables both the individual manufacturer and the group to analyze the purchasing characteristics of various

communities and various sections, to compare the total individual sales of a product for each community and to set up practical measures of possible sales in each sales territory. By F. M. Feiker. *Forbes*, December 1, 1931, p. 15:2.

Survey of Books for Executives

A Scientific Approach to Labor Problems. By Adelbert Ford. McGraw-Hill Book Co., Inc., New York, 1931. 446 pages. \$4.00.

Some future historian, in tracing the development of personnel administration in the first third of the 20th century, will have occasion to note the continuously increasing broadness of its scientific foundation. Early experiments in "welfare work" were based mainly upon sociology, sometimes with incidental support from industrial medicine and vocational education. With advancing realization of the functions and importance of industrial relations, economics and engineering were added to the list of foundation sciences. In still more recent years biology, psychology and statistics have been drawn upon for fundamental facts and methods essential to the adequate adjustment of human relationships in industry.

The contributions already made by these sciences to the theory and practice of labor management, impressive as they are, probably are small in comparison with those which may be expected in the future. Before each of them lies a wide field of service in industrial relations, the tillage which should produce fruits more valuable than those already reaped. The advance of labor management toward professional status is, in fact, largely dependent upon the degree to which its practitioners adopt scientific methods and utilize scientific results.

In view of these tendencies Adelbert Ford's book is a timely addition to the literature of labor administration. The author, who is professor of psychology at

Lehigh University, and who has had industrial experience in the field of electrical power production, has undertaken to describe the principles and some of the methods by which problems of labor may be approached scientifically. In his selection of problems he exercises an author's privilege of choosing those which are best adapted to the particular scientific methods with which he is familiar. To the personnel worker therefore the book is certain to give an impression of one-sidedness and lack of balance. For example, a somewhat casual treatment of training is followed by an admirably detailed discussion of industrial fatigue. Much space is devoted to employment tests and interviews, while savings and investments, old age pensions, and several other subjects are lumped in a brief chapter headed "Employee Service." Employee representation and union-management cooperation are touched upon only incidentally, if at all, and the terms are not to be found in the index.

Perhaps the most authoritative treatment is that accorded to psycho-pathology. Here Professor Ford is on familiar ground. His descriptions of various types of abnormal mentality are clear and enlightening. "In industrial plants of any considerable size," he says, "there is an absolute certainty that a great many problems will arise because of the behavior of employees with greater or lesser degrees of mental abnormality. It must be remembered that insanity and mental abnormality are strictly relative terms and that there may be a large number of mental defectives who are not confined in

state hospitals for mental unfortunates; such mental defectives who are running at large are often no better than some of the inmates who are kept confined in institutions. The layman usually thinks of insanity only in the form of mania, and yet this is less than 15 per cent of all the known types. Often these mental incompetents are kept on indefinitely and are humored along because the management does not know that the employee is a victim of minor mental disturbance. * * *

"It seems important, therefore that the manager of employees, or some individual in the executive ranks of the industry, have a knowledge of mental incompetency sufficient to make preliminary diagnoses, although nobody but a competent specialist should have the power to prescribe treatment and care for the cases."

Part II of the book bears the title "Methods of Personnel Measurement" and goes deeply into statistical formulas, mathematical principles, and the technique of tests.

As a specialized contribution to a somewhat limited field, Professor Ford's book is of distinct value. It will prove a disappointment to the reader who expects to find a comprehensive treatment of the whole subject of labor problems.

EDWARD S. COWDRICK.

Hard Times—The Way In and the Way Out. By Richard T. Ely. Macmillan, New York, 1931. 193 pages. \$1.75.

In this product of a great economist one may note a background of many industrial crises of which the author has had personal observation. It is a timely volume, especially that part which points the way out.

The contents of this book are indicated by the "gate ways" through which the area of hard times is entered. These "gate ways" include: great expectations; over expansion; taxation; sub-divisions of land; and war. After the penetrating analysis of the causes of hard times, Dr. Ely has set forth a "program for action" based on research.

In the epilogue the "gate ways" to the

"Way Out" are personified by the author in the personages of Woodrow Wilson, Andrew Carnegie, Elihu Root, Owen D. Young, Herbert Hoover, John D. Rockefeller, Jr., and Dr. William Henry Welch. The moral of this epilogue is that the philosophies and programs sponsored by these men indicate the "Way Out."

Not the least interesting part of the volume is the appendix which contains a statement of causes of world depression by Thomas W. Lamont; the program for relief sponsored by the American Federation of Labor; the proposals of the American Association for Labor Legislation, and the function of insurance in un-employment relief.

G. A. BOWERS,
The Inquiry.

Making Farms Pay. By Cornelius J. Claassen. Macmillan, New York, 1931. 126 pages. \$2.00.

A day spent with C. J. Claassen a year and a half ago was one of the most fascinating experiences the writer has ever had. Here was a man interested in the application to farming of the principles of industrial management. A banker by profession, he had returned to the business of agriculture, applying to it the fundamentals of management, supervision, organization, finance and marketing which have been so successfully applied by a reasonable number of American corporations.

Naturally, when asked to make a recommendation as to whether or not Mr. Claassen's manuscript should be secured by the publisher I endorsed it with hearty approval and a reading of the manuscript confirms that judgment.

Of all the books I have read in the last several years this is one of the most fascinating. Any man who was born on a farm upwards of thirty years ago scarcely recognizes modern farming, at least at its best. What we hear most about is the trials of the American farmer, but a day spent with Mr. Claassen led me to investigate not only group management of farms, but also large scale farming.

There are two important trends in agriculture. One of them is toward the management of absentee owned farms under the group management plan of which Mr. Claassen's Farmers National Company is probably the outstanding example. The other is large scale farming under single ownership and management and on a corporate scale. Between these two extremes is an increasingly large number of medium sized farms owner-managed.

It is amply vouched for that wheat can be grown under large scale farm management for as little as 25 cents per bushel and under Mr. Claassen's type of management it has been amply demonstrated that, even at bottom prices for wheat, farming can be profitable.

This book describes how group management of farms actually operates to the benefit of absentee owner and tenant, farm values and the condition of the farm itself. The author tells fascinating stories, some of them poignant with the tragedy of failure, others not only amusing but thrilling.

The story is told in such an interesting way that one finishes the book with the expectant hope that the business of the Farmers National Company will grow rapidly as the result of the publication of this book. But anyone with the least inclination to own a farm but with a conviction that he should not indulge his dream certainly should not read this book. He would be altogether too certain to negotiate the purchase of a farm at present prices and immediately employ Mr. Claassen and the Farmers National Company to supervise its management. Mr. Claassen certainly tells a marvelous story of "farm relief for owners."

Who should be interested in Mr. Claassen's book? The number is legion and the variety is great. Every public utility company ought to be interested in electrification of farms. The electrification of farms will be somewhat delayed by unprofitability of farming. The difference between selling the cheapest of passenger automobiles and selling a six or eight-cylinder car to farmers will depend very largely on the profitability of farm management. The difference

between selling and not selling tractors and other agricultural implements to farmers has a similar basis.

Every mortgage company is more or less in the farming business; recently more rather than less. Insurance companies and insurance company executives, while many of them do not know it, are in the farming business. A good many of them, however, know that their financial officers are very definitely in the farming business. Commercial banks all over the country, especially in agricultural regions, are certainly interested and the whole of American industry which sells to the farm market and in turn American industry which sells to those who sell to the farm market also are interested in profitable farm management.

This book ought to be a best seller.

W. J. DONALD.

Statistics for the Business Man. By William G. Sutcliffe. Harper & Brothers, New York, 1930. 243 pages. \$4.00.

A discussion of the elementary principles of statistical method designed particularly for the business man. It has the advantages of being expressed in less technical terms than the ordinary text book in statistics, and of being profusely illustrated with specific applications of statistical principles to business procedure.

Public Speaking for Executives. By Charles W. Mears. Harper & Bros., New York, 1931. 194 pages. \$3.00.

The reviewer feels that this book is one of the few practical books he has read and studied which would prove of assistance to the business man faced with the necessity of addressing groups, large or small, within or without his own organization. The book appears to be written by a business man, for business men. It should prove of help to any man admitting himself to be a business man. Before bringing out some of the major features, let us warn the prospective reader that the study of any book of this nature can produce

results only when the points emphasized by the author are applied in practice and fitted to the individual's personality, ability and knowledge. We always hesitate to recommend the reading of a book of this nature without making a suggestion such as the one in the foregoing sentence. In other words, reading a book on public speaking does not make a man a public speaker.

Space does not permit the reviewer to tell much about this book, but it is his feeling that the following list of chapter headings covers briefly the scope of the book. These headings are practical and after close study of each chapter it is our feeling that practically all of them cover the subjects outlined in an excellent manner. The chapters cover: Five Ways that Win; Consider the Audience; Tools for the Speaker's Use; Words at Work; What Is Interesting; Facing the Audience; Building the Speech; Voice: Power and Resonance; Shall I Read My Speech? Meet First-Class Minds; New Ideas: Imagination; The Meeting and the Chairman.

The author winds up his introduction of the book with the following injunction:

"Speak your thought—or be content not to advance.

Speak your thought—or you will hear another speak it as his own and earn the credit.

Speak your thought—or do the will of others."

We heartily recommend this fine book to every business man, whether he be an experienced or inexperienced speaker.

EDGAR KOBAC, *Vice-President,*
McGraw-Hill Publishing Company, Inc.

Concentration of Control in American Industry. By Harry W. Laidler. Thomas Y. Crowell Co., New York, 1931. 501 pages. \$3.75.

Dr. Laidler has performed a needed service in bringing together in one place a record of the trend to concentration in control in American industry. His book is encyclopedic and documents in a convincing

way the tendency toward mergers, consolidations and large scale semi-monopolistic operation which has been the dominant economic trend within the last fifteen years.

It is only to be regretted that on the basis of such a compendious array of facts he was not disposed to offer a more extensive interpretation of current factors and next steps. His discussion of the future is frankly from the radical point of view, yet he does well to point out that modern corporate effort has altered our conception of such important factors as the new possibility of achieving centralized control and efficient decentralized operation, and the possibility of supplying sufficient incentives in large scale organizations where possibilities of personal ownership are reduced to a minimum.

What, precisely, the next step should be; what, if anything, should be done with our present anti-trust laws; what the role of trade associations might be; and other more fundamental issues such as those which the Swope Plan suggests, the author does not consider.

Within the limits which he has set, however, this book is a valuable contribution.

ORDWAY TEAD, *Editor, Business Books,*
Harper & Brothers.

Education for Business Management.

By James A. Bowie. Oxford University Press, London, 1930. 200 pages.

The extent of collegiate training for business in Great Britain is very much less than that in the United States and it is very much less advanced; yet Americans interested in collegiate training for business can well afford to read this extremely interesting book.

There are a number of evidences of the introduction of British educational methods into American college life—at Harvard, Yale, Princeton and more recently at Chicago, and this is the first important document from a British college professor on the subject.

As a matter of fact, the first three chapters of the book, dealing with Business Developments, The New Responsibilities

of Management and Type of Leaders Needed are a treatise in themselves on the emerging profession of management, a section packed full of comments on the most vital trends in modern business.

The appraisal of developments of collegiate training for business in the United States is quite pointed, commendatory in the main, but sometimes justly critical. After all, our collegiate schools of business are new comers in the educational world. They have grown up very rapidly and possibly are too certain that they are organized on just the right basis.

The chapter on Peculiarities of British Industry surely makes uncomfortable reading for British business men.

The section on The Industrial Administration Curriculum is, it seems to me, essentially sound. The undergraduate schools of business in the United States could well afford to model their programs on this chapter. Too many of them have introduced altogether too many factual topics in the curriculum.

A chapter on Methods of Instruction is equally valuable, though nearly everything the chapter includes has been used to advantage in the United States. The chapter does offer, however, an excellent summary of the best methods of instruction in use at present.

W. J. DONALD.

Rowe's New Cost Accounting. By H. M. Rowe, revised by J. W. Alexander and A. E. Lenhart. H. M. Rowe Company, Baltimore, 1928. 88 pages. Accompanying Budget, 100 pages.

The fundamentals of cost accounting are presented in this book which is intended as a text for a course in cost accounting and as a reference book for cost accountants and executives in the manufacturing enterprises. Laboratory material suitable to develop the practical application of cost theory is included. Specific procedures are outlined and many illustrative forms are reproduced. The accompanying budget includes a complete set of budget forms with directions for their use.

Principles of Selling. By H. K. Nixon. McGraw-Hill Book Co., New York, 1931. 330 pages. \$2.50.

The process of isolating and recording those principles which underlie the control of success in selling has been going on a quarter of a century or more, and there have been published dozens of books packed full of interesting and helpful selling experiences, while other dozens record the findings of painstaking and scholarly research workers.

But of all the books on selling and all the salesmanship courses the writer has seen, few have made the fundamentals of the salesman's job so clear and so simple that any salesman who is willing to make the effort (and such men are, admittedly, as rare among salesmen as in other departments of industry) could make a systematic and sure-footed application of those basic principles in consciously improving his working habits.

"Principles of Selling," by H. K. Nixon, occupies a high position in this small group and is a first-rate example of the practical work which the modern teachers of marketing and related subjects are now doing.

While I was reading this book, some passage suggested its value as a guide to sales managers in "selling" ideas to their men, and as the training of retail sales managers is one of the most pressing problems in the automobile business, I kept this thought in mind throughout the reading of the 330 pages.

The result was—to me, at least—a fresh viewpoint on many of the relations of the sales manager with salesmen.

As an illustration, consider this statement of one selling principle from Prof. Nixon's book: "Good selling establishes and encourages the buying attitude by arousing a want and by showing how the goods will satisfy that want."

"The successful application of this principle depends upon the salesman's ability to discover and appeal to wants. To discover wants we have the question method, the special investigation, and the study of lists of motives. Most important of all is the

habit of thinking: What is the customer's problem? What does he want most? How can I fit my proposition to his want?"

Suppose every sales manager used that same formula for his vitally important task of selling his men on their jobs. What are their personal problems? What do they want most? Can there be any doubt but that a higher grade of selling effort would result from dealing with salesmen on this basis.

One detail that would make Prof. Nixon's book even more useful would be to substitute a program of assignments for actual practice and application *on the job* for the "questions and exercises" at the end of each chapter. The latter suggest the classroom textbook, more than the practical guide, which one actually finds in the text.

DAVID R. OSBORNE,

Sales Training Director,

The Studebaker Corporation of America.

Facts and Fetishes in Advertising. By E. T. Gundlach. Consolidated Book Publishers, Inc., Chicago, 1931. 672 pages. \$5.00.

Let no one who spends money for publicity be deterred from reading Mr. Gundlach's volume on account of its impressive length. The reading of it is both entertaining and profitable, for its 672 pages are free from dry abstractions and its morals are pointed in a humorous vein, at times bordering on the burlesque.

The work is in summary a plea for the use of tried, proven plans, as distinguished from programs based on glittering generalities. Without a yardstick to measure its value advertising expenditures are as bread upon the waters, almost certain to result in wastage to the extent of fifty to ninety-five per cent of their bulk. Mail order houses, who employ coupons and other methods of traceable results, have a yardstick conveniently forced upon them; but Mr. Gundlach shows how that same yardstick is also lying on the desk of every manufacturer, ready for use.

The fetishes are the false gods of advertising which ignore scientific facts and

bedevil both agency and advertiser into methods of wasteful extravagance. In Part IV these "fiends," grotesquely attired, are paraded before the reader in a pageant which would be uproarious if it had a less serious background. Taken in the order of procession the principal fetishes are:

The Master Fetish of Mass Psychology, the "huge Foggy One" who acts as a sort of grand marshal of the parade.

Cumulative Effect and its near relative Continuity, with their slogan "The quitter in advertising is the loser."

Budgeting, which faces backward instead of forward.

Dealer Cooperation in Merchandising and in Advertising—twin fetishes which exert a powerful influence on the manufacturer.

Art and Attractiveness, the enemies of attention value.

Prolixity and Brevity, the two grave diggers.

Quality, the mother fetish of humbug prattle.

High Class Trade, another humbug in the guise of an English lord.

Truth, the saintly fetish.

Cleverness, the clownlike magician.

These main fetishes are accompanied by groups of lesser fetishes, their dutiful children, and all are readily recognizable by any one who has carried on an advertising campaign over a period of years. Mr. Gundlach's notable successes in a career of thirty years certainly qualify him to speak in the plain, blunt language which he employs. In a reminiscent vein he traces back his early years as an advertising agent and frankly shows how the failures were invariably attributable to the influence of these fetishes on himself or his clients. His successes he cites without emphasis, to show they were based on sound yardstick methods.

This is a noteworthy volume which once read will gravitate to a nook in the bookshelf convenient for ready reference.

T. P. HAMILTON, *In Charge of*
Market Research and Analysis,
Johnson & Johnson.